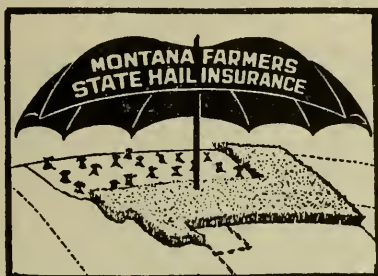


48th ANNUAL
**State Board of Hail
 Insurance**

TO MONTANA GRAIN GROWERS



BUSINESS SUMMARY FOR 1964

Total Risk Written	\$7,460,764.84
Premium Charge	\$ 641,785.81
Losses Paid	\$ 728,386.33
Policies Issued	2,609
Acres Insured	690,631.74
Average Acres Insured Per Policy	262
Acres Reported Damaged	164,233.08
Losses Filed	716
Days With Hail	45
Loss Ratio	9.7%
Average Cost Per \$1,000 of Protection	86.06
Average Rate Charged (All Crops) ...	8.6%

**CAREFULLY STUDY THE STIPULATIONS
 AND AGREEMENTS ON THE BACK
 OF YOUR POLICY**

In case of a hail loss on your insured fields, take time to inspect your entire acreage so you will know where the loss is located. File a loss claim within the three day limit. Claims cannot be accepted that are filed without the claimants signature or are filed later than two weeks after the loss occurred. If notice of the loss is not received within three (3) days the cost of the adjustment may, at the discretion of the Board, be charged to the claimant. Be sure to read the "Special Instructions" attached to your loss claim.

Please see that the acres and land description on your loss claim correspond to those on your policy.

Any agreements on adjusting must be cleared by writing the State Board of Hail Insurance, Helena, Montana. Adjusters are not authorized to make deals with the claimant.

In case a loss is located in more than one County, a loss claim must be filed for each County.

When the adjuster comes, accompany him over your fields so there will be no misunderstanding.

December 1, 1964

Honorable Tim Babcock, Governor
Members of the 39th Legislative Body
Capitol Building
Helena, Montana

Dear Governor Babcock and Legislative Members:

**Preliminary report of the 1964 operations
of the State Hail Insurance Department.**

In compliance with Section 82-1519 of the Montana codes and pertaining to the Hail Insurance Law, I give you a report on the main points of the 1964 hail insurance experience.

1964 was another year in which the department lost money on their operation. This is the fourth consecutive year to show a loss. The loss was less than that of any of the three preceding years and showed a loss ratio of 9.7% as compared with a ratio of 12.7% in 1963. All losses were paid promptly and in full. The fund is in a healthy condition. 1,118 policies were paid for in cash and amounted to 39.5% of the total sold. The total risk written was substantially the same as in 1963, and the premiums were about \$40,000.00 higher due to an increase in rates in several counties. This report is subject to some small changes but none of the figures quoted will be changed materially. The annual "Report to the Grain Growers" will be final but will not be ready until February of 1965. I am giving you the following details which are most important of the 1964 operation.

1964 Hail losses were severe. The first hail loss was reported on May 15th in Powder River County. Five large hail storms (two in the North-eastern portion June 14th and July 4th, one in Powder River County July 19, one in Liberty and Hill July 9th, and one in Valley County August 1st) accounted for most of the seasons hail damage. The storm pattern this year changed somewhat from that of 1963. Losses in the Eastern section of the State were lower with the exception of Powder River, Dawson, Valley, Roosevelt and McCone Counties. The greatest losses occurred in Hill and Liberty Counties in North-central Montana.

SEVERE LOSSES

	Premiums	Losses	Loss Ratio
Powder River	\$10,338.10	\$ 47,869.04	47%
Valley	14,028.33	61,260.12	36%
Golden Valley	3,795.69	12,024.07	32%
Hill	25,491.74	66,404.72	19%
McCone	68,615.61	127,983.53	19%
Liberty	68,847.75	155,792.93	17%

LIGHT LOSSES

Roosevelt	\$23,029.89	\$ 5,847.24	2%
Sheridan	42,302.31	10,845.87	2%
Chouteau	31,130.38	4,842.10	1%
Big Horn	35,130.39	3,773.83	1%
Blaine	23,613.71	1,779.46	1%

1964 LOSSES BY KIND OF GRAIN

Winter Wheat	\$282,979.77
Spring Wheat	331,260.56
Barley	98,617.34
Oats	11,211.51
Rye	1,607.70
Mustard	1,067.04
Safflower	279.00
Flax	729.96
Alfalfa	192.00

\$728,386.33

While the loss was lighter than in any of the three preceding years a loss in operation could not be avoided under the restrictions imposed by the State hail laws.

The law provides that any grower of grain may obtain hail insurance if he is not delinquent for his hail insurance levy in previous years. This prevents the board from distributing the risk evenly over the State as other companies can. As an example the State carried nearly a million dollars in risk in Liberty County and paid \$155,000.00 in losses. The law limits the maximum levy to 10% which is not adequate to cover losses in a number of Counties with a history of high losses. The loss ratio in these Counties tends to level off over a period of years but affect the fund adversely in a series of bad years.

The Board does not advocate any changes in the law but give the above facts to explain the difficulty encountered at the present time. The reserve fund is \$916,059.89 plus the levies that will be paid after November 31st for hail insurance premiums.

The following is a statement of the estimated condition of the Hail Agency Fund at the start of the 1965 season.

Reserve Fund invested in U.S. Securities.....	\$ 950,000.00
Balance in Hail Fund uninvested.....	197,747.99
Total assets of Hail Fund at the	
start of the 1965 season.....	<u>\$1,147,747.99</u>

In compliance with Section 82-1511 of the Montana codes the Board has approved payment of one per cent (1%) of the gross annual levies made and collected in the Counties to the County Treasurer and two per cent (2%) of the gross annual levies made and collected in the State to the State Treasurer.

Approximate Payments for 1964:

To the several counties	\$ 6,286.13
To the State of Montana	12,572.26

The adjustment of losses showed an improvement over last year owing to refinements made by the Board in the procedure. Further improvements will be noted if the policy holders will use more care in reporting losses promptly and give full details. Many second losses were reported notably in Powder River County. This added much to the expense of adjusting.

In conclusion, I wish to express the appreciation of the Board for the prompt and efficient way in which the State and County officers have cooperated in making the hail fund a success.

Respectfully submitted for the State Board of Hail Insurance.

Sincerely yours,

LYLE H. STANDISH, Chairman

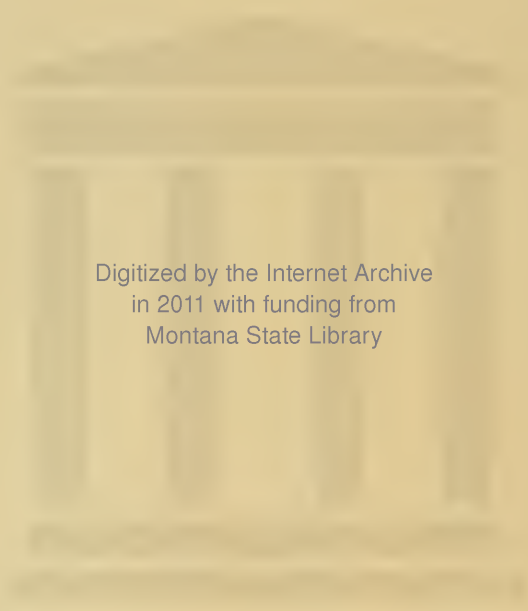
46 YEAR SUMMARY

Total Risk Written	\$157,866,299.67
Premium Charge	13,106,657.80
Losses Paid	11,526,152.13
Policies Issued	85,848
Total Acres Insured	16,739,661
Average Acres Per Policy	194.6
Loss Ratio	7.2%
Average Cost Per \$1,000 Protection	83.20
Number of Losses Paid	18,913

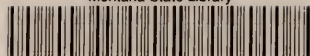
ADMINISTRATION ACCOUNT FOR 1964

1. State office salaries, chairman expense, board members fees and expense	\$13,763.98
2. General office expense, printing, stationery, supplies, postage, telephone, telegraph, in- surance, bonds, PERS, Ind. Acc. and social security	4,257.78
3. Hail adjusters salaries and expense	18,901.21
4. Montana Hail Insurance Clearing Bureau	121.32
5. Office rent	744.00

\$37,788.29



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIOS

	1964 Risk	1964 Levy	1964 Losses	1964 Loss Ratio	46-Year Loss Ratio
Big Horn.....	\$ 340,070.00	\$ 35,130.39	\$ 3,773.83	1%	8%
Blaine.....	226,311.50	23,613.71	1,779.46		11
Broadwater.....	19,104.00	1,100.39			4
Carter.....	13,609.50	1,347.15	179.91	1	9
Cascade.....	24,886.68	1,792.05	1,304.58	5	3
Chouteau.....	431,431.36	31,130.38	4,842.10	1	4
Daniels.....	441,557.00	35,492.17	48,330.73	11	5
Dawson.....	179,822.00	17,863.05	19,526.17	11	10
Fallon.....	184,990.00	18,597.19	12,852.48	7	10
Fergus.....	457,214.71	41,278.12	22,087.50	5	7
Garfield.....	39,364.58	3,540.09	9,763.71	25	7
Glacier.....	60,826.00	4,366.83	3,495.61	6	5
Golden Valley.....	37,852.00	3,795.69	12,024.07	32	9
Hill.....	350,565.00	25,491.74	66,404.72	19	5
Jefferson.....	6,432.00	381.72			1
Judith Basin.....	331,048.00	29,678.33	31,121.87	9	7
Lewis & Clark.....	2,008.00	138.82			5
Liberty.....	944,059.76	68,847.75	155,792.93	17	6
McCone.....	690,555.70	68,615.61	127,983.53	19	9
Musselshell.....	4,140.00	538.20			12
Petroleum.....	4,632.00	370.56			5
Phillips.....	111,654.10	9,140.34	3,431.29	3	6
Pondera.....	128,157.00	8,301.96	656.39	1	5
Powder River.....	101,980.00	10,338.10	47,869.04	47	9
Prairie.....	97,307.50	9,380.90	8,128.02	8	10
Ravalli.....	3,348.00	133.92			4
Richland.....	560,009.50	56,370.28	34,714.48	6	8
Roosevelt.....	292,430.00	23,029.89	5,847.24	2	4
Sheridan.....	531,001.00	42,302.31	10,845.87	2	2
Stillwater.....	59,872.00	5,294.67	320.44	1	10
Teton.....	116,528.00	7,159.70	11,040.08	9	4
Toole.....	412,316.00	35,074.32	17,598.34	4	7
Treasure.....	19,056.00	1,851.86	475.56	2	12
Valley.....	172,369.00	14,028.33	61,260.12	36	9
Wheatland.....	24,342.00	2,473.52	888.85	4	8
Wibaux.....	10,246.00	948.28	195.96	2	7
Yellowstone.....	29,668.95	2,847.49	3,435.74	12	5
	<u>\$7,460,764.84</u>	<u>\$641,785.81</u>	<u>\$728,386.33</u>	<u>9.7%</u>	<u>6.9%</u>

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH YOUR GRAIN IS GROWING

Any Owner of Mortgaged Land With Not More than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

Any Tenant desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the clerk and recorder. This lien will be a first lien on the crop except for one given for the purchase of seed used in planting and producing the insured grain.

Any Tenant who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than those on which the crops to be insured are growing.

Hail insurance liens are first liens on all insured crops except liens given for the purchase of seed used to plant the insured crops.

4% Discount Will be Given Those Who Pay Cash For Their Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When To Insure. Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming. Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated. No policies will be issued after August 15th.

How Much Hail Insurance Per Acre. All non-irrigated grain may be insured for not more than \$12 except barley and rye which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley and rye which is limited to \$20.

Hail Insurance on Special Crops. Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, potatoes, corn, mustard and alfalfa seed	\$24.00
Sugar Beets	\$50.00
Non-irrigated rape, safflower, mustard, beans, peas, alfalfa seed and corn	\$12.00
Any hay crop, irrigated or non-irrigated	\$12.00

Hail Liability will continue in force on grain after it has been bound, shocked or windrowed until the insured has had a reasonable time to complete threshing or combining.

Hail Insurance for Shareholders. If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

When Not to File Loss Claims. Each year a large number of loss claims are filed where little or no hail loss can be found. A careful examination may show a little damage by hessian fly or wheat stem maggot. Or maybe kinked heads or wheat stem sawfly. This damage was overlooked before the storm and was increased by the strong winds accompanying it. None of it is caused by hail. Examination of these fields costs your hail department a lot of unnecessary expense which can be saved by a more careful examination of the fields by the insured.

ADJUSTMENTS OF HAIL LOSSES will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

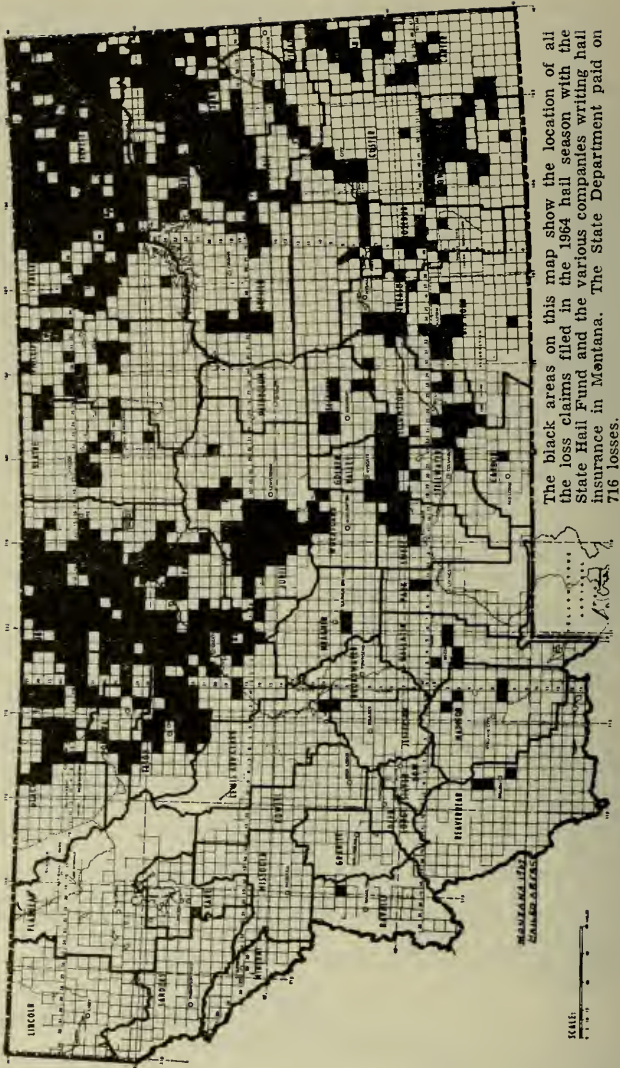
State Hail Insurance liability expires after September 15 on grain and other crops, except sugar beets which expires after September 30.

Reduced Rates in Case of Crop Failure. If any insured crop is badly damaged by other cause than hail and the value of said crop does not exceed \$5.00 per acre, you should notify the State Board of Hail Insurance in Helena promptly or you could ask your assessor for a form to make a report on. Prompt action is very important since the amount of your reduction is determined by the date on which you ask for a reduction.

When to File Claims for Hail Loss. When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana within three days. If notice of loss is not received within three days, the cost of adjustment may, at the discretion of the Board be charged to the claimant, unless the Board deems the delay excusable.

Loss claims must be made out by the claimant and signed by him. Loss notices sent in by the assessor and signed by him cannot be accepted.

Your assistance in promptly reporting losses is earnestly solicited. Claims reported from two weeks to a month late were received during the 1964 season. The Board can no longer stand the added expense of adjusting the late reported loss.



The black areas on this map show the location of all the loss claims filed in the 1964 hail season with the State Hail Fund and the various companies writing hail insurance in Montana. The State Department paid on 716 losses.

Board Members { Lyle H. Standish, Chairman, Choteau
Clifford Dyrland, Highwood
James Dethman, Sidney
C. Lowell Purdy, Commissioner of Agriculture
Dr. Henry H. Anderson, State Treasurer

It is the duty of county assessors to furnish grain growers with full information on State Hail Insurance. This pamphlet is issued for the purpose of helping them do so. It furnishes full information on the operations of the State Hail Department together with how assessors receive applications for hail insurance and issue policies to farmers who wish to protect their crops against damage by hail.

Hail Insurance is a Necessary Cost of Raising Grain. As soon as your crops show a prospect of a fair yield you should see your assessor and apply for State Hail Insurance. This pamphlet was issued by the

STATE BOARD OF HAIL INSURANCE
April 1, 1965
Helena, Montana